INDIANA ENVIRONMENTAL STEWARDSHIP PROGRAM ANNUAL PERFORMANCE REPORT

State Form 53475 (11-07)
INDIANA DEPARTMENT OF ENVIRONMENTAL MANAGEMENT
ENVIRONMENTAL STEWARDSHIP PROGRAM

Indiana Department of Environmental Management
Office of Pollution Prevention and Technical Assistance
100 North Senate Avenue IGCS W041
Indianapolis, IN 46204-2251
Telephone: (800) 988-7901
FAX: (317) 233-5627
E-mail: esp@idem.IN.gov
www.in.gov/idem/prevention/esp

When to use this annual report form...
STOP! *Is your facility a member of the U.S. Environmental Protection Agency's National Environmental Performance Track and Indiana Environmental Stewardship Program? If so, please use the U.S. EPA National Environmental Performance Track Annual Performance Report form available at http://www.epa.gov/performancetrack/program/report.htm. The U.S. EPA will notify IDEM after receiving your annual performance report.*

GO! *Please use this annual report form if you are only a member of the Indiana Environmental Stewardship Program and not a member of the National Environmental Performance Track. Your Annual Performance Report should be reviewed and signed by a senior manager at your facility prior to submittal. Once signed, fax, mail, or e-mail the report to IDEM. If you have any questions, please contact the ESP Program Manager at 800-988-7901.*

The Indiana Environmental Stewardship Program (ESP) Annual Performance Report should demonstrate progress toward objectives and targets AND certify ESP requirements continue to be achieved. The Annual Performance Report should cover the twelve (12) month calendar year and include the status of projects committed to in your facility's original ESP application, results of completed projects, and assurance that an annual internal environmental management system audit was conducted by your facility. Indiana ESP facilities must submit an Annual Performance Report by April 1st of every year, for each calendar year in which the entity has been a member for at least three (3) full months.

Please do not include any confidential business information in your Annual Performance Report. Public access laws require IDEM to make the Annual Performance Report publicly available, which may include posting all portions of your report on the Indiana ESP Web site.

SECTION A FACILITY INFORMATION

Name of Facility
Eli Lilly and Co., Clinton Laboratories

Name of Parent Company (*If applicable*)

Street Address *(number and street)*
10500 South SR 63, P.O. Box 99

City/State/ZIP Code
Clinton, Indiana 47842

Facility/Company Web site

CONTACT INFORMATION

Contact Name (Mr./Mrs./Ms./Dr.)
Mrs. Olga Jones

Title
Team Leader, Environmental Quality

Telephone number
765-832-4656

FAX number
765-832-4660

E-mail address
ojones@lilly.com

Mailing Address (if different from facility address)

City/State/ZIP Code

Reporting Period Dates
2008

If this is your third Annual Performance Report, do you wish to renew your Indiana Environmental Stewardship Program membership?
☐ Yes---If yes, please complete all sections of this annual report.

☐ No---If no, you can skip Section D of this annual report.

CHANGE IN INFORMATION

In your ESP application and, perhaps, in previous annual performance reports, you described what your facility does or makes. Have there been any changes or additions to your facility's list of products or activities? If so, please list them in the space below.
☐ Yes ☒ No

SECTION B **Why do we need this information?** IDEM needs information on the performance and assessment activities of your Environmental Management System (EMS).	ENVIRONMENTAL MANAGEMENT SYSTEM ASSESSMENT **What do you need to do?** Please summarize your facility's EMS assessments. Attach additional sheets as necessary.	
1. Is your facility currently registered to a recognized third-party EMS standard? ☐ Yes a. If yes, when was an EMS audit or other assessment last conducted by an independent third party at your facility? Please provide the *type* (e.g., ISO 14001 certification), *scope*, and *month* of the last assessment. ☒ No b. If no, when was an internal or corporate EMS audit last conducted at your facility? Please provide the *scope* and *month* of the last assessment.	Year: Type: Scope: Month: Year: 2006 Scope: Comprehensive review of the HSE EMS Month: April	
2. When did your facility last conduct an internal or corporate compliance audit? Please provide the *scope* and *month(s)* of each audit, and indicate *who* conducted the audit(s) (e.g., facility staff, corporate groups, third party). Do not include audits, inspections, or site visits by regulatory organizations.	Year: 2006 Scope: Assess the level of compliance with environmental regulatory requirements. Month(s): April Who: Corporate HSE group with external auditors	
3. (Optional) Please describe any other audits that were conducted at your facility.		
4. Has your facility corrected all instances of potential non-compliance and EMS non-conformance identified during your audits and other assessments? ☐ Yes a. If yes, briefly summarize corrective actions taken and other improvements made as a result of your EMS assessment(s) or compliance audit(s). ☐ No b. If no, please explain your plans to correct these instances. ☐ No such instances identified.		
5. Explain the emergencies experienced within the facility during the past year. Were the applicable emergency and contingency plans detailed in the EMS effective? What changes, if any, have been made to your facility's emergency or contingency plans?	In November 2008 Clinton Labs had a small fire in one of the baghouses at which point the Emergency Response Plan was executed. The emergency was contained within the site and had no impact to the environment and people. Clinton labs emergency and contingency plans oulined in the EMS were effective in the response to this event.	
6. When was the last Senior Management review of your EMS completed?	Month/Year: 3/2009 Who headed the review? Name and Title: George Rogers/Site Manager	
7. When did your facility last conduct a systematic identification or review of your environmental aspects?	Month/Year: November 2008	
10. (Optional) Please provide a narrative summary of progress made toward EMS objectives and targets <u>other than those reported as an Environmental Performance Initiative in the following section</u>. You may limit the summary to environmental aspects that are *significant* and towards which *progress* has been made during the last calendar year. Attach additional sheets as necessary.	Environmental Aspect	Progress Made This Year (e.g., quantitative or qualitative improvements, activities conducted)
	NOx Emissions	In 2008, the site had 0 tons NOx emissions from the Thermal Oxidixers (TO) and the Regenerative Thermal Oxidixers (RTOs). Clinton labs shutdown the TOs and the RTOs in April 2007.
	Coal Fired Boiler Opacity	In the latter part of 2007 the site replaced the coal fired boiler's electro static precipitator (ESP) with a

		baghouse. Since that change the control of the opacity has much improved, reducing the number of deviations.

SECTION C **ENVIRONMENTAL IMPROVEMENT INITIATIVE RESULTS**

Why do we need this information?
Facilities need to share the results of the environmental improvement initiative that was pursued during the reporting period.

What do you need to do?
Use the following table to summarize your facility's environmental performance as compared to your ESP environmental improvement initiative.

Category: Energy Use

Aspect: Electricity

Specific Information on Aspect (optional):

	Baseline	Progress during year 2008	Environmental Improvement Initiative Goal	Cost Savings (if applicable)
Actual Quantity (per year)	2,430,700	1,910,200	1,687,200	
Measurement Unit	Kwh	Kwh	Kwh	
Normalized Quantity (per year)	21.1	16.4	14.7	
Basis for your Normalizing Factor (e.g., gallons of paint produced)	square feet of buildings	square feet of buildings	square feet of buildings	

Briefly describe how you achieved improvements for this aspect or, if relevant, any circumstances that delayed progress.

1/ The energy reduction that contributed to the quantities in the above table resulted from an energy reduction project where unoccupied and economizer cycle controls at the thermostats and a supply air reset in two of the administrative buildings were installed. This energy reduction project started taking effect on May 1, 2008. As a result Clinton Labs achieved approximately 70% of that 2008 goal.

2/ In the 2008 ESP summary report Clinton labs listed a second energy reduction goal as 51,500 Million BTU steam consumption. The 2008 projects that were implemented in the animal health (AH) manufacturing towards that steam consumption reduction added up to a reduction of 2,325 Million BTU. The projects included changes in the fermentation operations that reduced the sterilization time of tanks and filters. One of the projects that represented a large portion of the 51,500 Million BTU was postponed and will be complete in Q2 2009.

3/ In addition, the site also revised steps in the AH manufacturing fermentation and finishing processes that, in 2008, reduced the energy consumption by 5,770,000 KWH. Those projects included replacing chillers and blowers with more efficient units and replacing a nitrogen generating unit with one 1/3 the size of the original unit. This new equipment uses much less electricity. Because those projects were completed in the latter part of 2008 the site is only claiming the reduction portion after the effective date of the projects. The blowers and chillers are in operation 24 hrs/day for 99% of the year. In 2009, the site will be able to claim 100% of the energy reduced by those changes.

Please list any state, EPA, or other partnership programs to which you are reporting this data (e.g., Energy Star, Project XL).

(Optional) If your facility has experienced continued results for environmental improvement initiatives pursued in past years of ESP membership, please share those results here.

SECTION D **ENVIRONMENTAL IMPROVEMENT INITIATIVES**

Why do we need this information?
Facilities need to demonstrate their commitment to improving environmental performance.

What do you need to do?
Refer to the Environmental Performance Table.

For ESP membership, you must identify three (3) environmental improvement initiatives for each 3-year membership term. One (1) initiative was identified in the application and the remaining will be identified each year in the annual report. Identify the new initiative that will begin this year by answering the following questions. Choose an indicator from the Environmental Performance Indicator Table to measure the identified environmental initiative. The Environmental Performance Indicator Table is provided with the ESP Application and is also available at http://www.in.gov/idem/prevention/esp/table.doc. The indicator you select for your initiative should be related to the objectives and targets in your EMS. Where possible, indicators should also be identified as having a significant environmental impact in your EMS. No more than two of your indicators can be from the same environmental category during the 3-year term. If you are not sure how your objectives and targets fit into the indicators from the Environmental Performance Indicator Table or whether your indicators are significant, call IDEM at 800-988-7901.

Please complete the following questions according to the environmental indicator you selected from the Environmental Performance Indicator Table. Additional information is required for air, hazardous waste, solid waste, and energy indicators as requested in Appendix 1.

1a What category have you selected from the Environmental Performance Table? (If the category is Energy Use, Waste, or Air Emissions for Total GHGs, please turn to Appendix 1 to complete additional questions pertaining to the category you have selected.) Energy Use

1b What indicator have you selected from the Environmental Performance Table? Total (non-transportation) energy use by fuel type

1c All measurements should represent the performance level for the indicator across the entire facility. For many indicators, you may choose to focus your initiative on a specific subset of the indicator (e.g., a specific material, process, VOC, group of toxic air emissions, or particular waste component). Does your initiative include everything covered by the indicator (e.g., all VOCs, all non-hazardous waste), or a specific process, substance, or component (e.g., ethane, cardboard)?

☐ All
☒ Specific

If your initiative is specific to a substance or component, please provide additional detail on your indicator (e.g., specific chemical to be reduced, specific waste component). See attachment

1d What activities or process changes do you plan to undertake at your facility to accomplish your initiative (e.g., technology changes in a particular process line, employee training)? Energy usage will be reduced in 2009 by implementing several projects. See Attachment for more detail.

2a Does this initiative address a significant aspect in your EMS?

☒ Yes
☐ No

2b If no, please explain why you believe this indicator should be included as an environmental improvement initiative.

Stop! If the category listed in Question 1a is Energy Use, Waste, or Air Emissions for Total GHGs, please skip Questions 3a – 3b below and turn to Appendix 1 to complete the questions pertaining to the category you listed. After completing Appendix 1, return to question 4 and complete the remaining questions regarding your facility's environmental improvement initiative.

3a What units are you using to quantify this indicator?
(Please refer to the Environmental Performance Indicator Table for the acceptable units for each indicator.)

3b List the baseline annual quantity of the indicator and the annual quantity you are committing to achieve by the future year.

Baseline quantity Year
Future year quantity (not including production) Year

4 Does the quantity presented in the future quantity column represent an absolute goal or a normalized goal?

☐ Normalized goal (i.e., indexed to level of business in baseline year)
☒ Absolute goal (i.e., demonstrates improvement even if production increases)

5 Whether your goal is absolute or normalized, you will need to provide normalizing factors and normalized quantities in your annual performance reports. Please briefly describe your basis for normalizing. Examples of potential normalizing basis include: gallons of paint produced, square feet of circuit boards sold, number of patients seen, dollars of sales adjusted for inflation, or number of employees (for R&D and administrative sites only).

See attachment

6a Are you subject to Federal, State, tribal, or local regulatory requirements for this indicator?

☐ Yes
☒ No

6b If yes, explain how your initiative exceeds regulatory requirements.

SECTION E PUBLIC OUTREACH AND PERFORMANCE REPORTING

Why do we need this information?
IDEM needs to know how environmental information was shared with the public.

What do you need to do?
Describe how the facility has shared and plans to share environmental information.

Please briefly describe the activities that your facility conducted during this reporting period to interact with the community on environmental issues and to report publicly on its environmental performance. Feel free, but not obligated, to attach supporting materials (e.g., meeting agendas, public announcements).

On a quarterly basis Clinton labs hosts the Community Advisory Panel meetings and hosts annual neighbor meetings at which topics pertaining to our sites environmental performance are presented. In addition, the site also hosts tours that includes visits to the wildlife habitat restoration area.

Please indicate which of the following methods your facility plans to use to make its ESP Annual Performance Report available to the public. Please check as many as appropriate.

☐ Website (http://www.)

☐ Open House

☒ Meetings

☐ Press Releases

☒ Community Advisory Panel

☐ Other

SECTION F **ADDITIONAL INFORMATION**

Why do we need this information?
This information will help IDEM to effectively manage the Environmental Stewardship Program.

What do you need to do?
Answer the questions as completely as possible.

1. In addition to ESP, please list environmental awards received or voluntary programs participated in during the past twelve months (include information about each particular program).

2. Has your facility taken advantage of any ESP incentives? If so, please describe the implementation process and list additional benefits IDEM should consider.

   The site is working with IDEM staff to develop a flexible air permit for the animal health manufacturing operations.

3. If your facility was not registered to the ISO 14001 standard prior to becoming an ESP member, has ESP helped you to pursue registration? If so, how has ESP been instrumental in achieving registration?

4. Explain the measured or perceived results from receiving, documenting, and responding to external communication.

5. How have community residents and businesses reacted to your facility participating in the Indiana Environmental Stewardship Program?

6. According to the measurement program developed and implemented by your facility to measure Environmental Management System success, is your facility's EMS successful? Why or why not? If not, what changes will be made to ensure continual environmental improvement and future EMS success?

CERTIFICATION AND PLEDGE

On behalf of Eli Lilly and Company, Clinton Laboratories (name of facility),

I certify that the information contained in this Annual Performance Report and attachments is accurate to the best of my knowledge and that this facility is, to the best of my knowledge and based on reasonable inquiry, currently in compliance with all applicable federal, state, and local environmental requirements, or has a corrective action program in place to attain compliance.

We, , commit to maintaining the principles and goals outlined in our Environmental Management System for our facility's Indiana Environmental Stewardship Program status. We agree to strive for full compliance with all regulations promulgated by the U.S. EPA, state, or local jurisdictions. We agree to promote the Indiana Environmental Stewardship Program and to share our success stories with other facilities. We understand that the Annual Performance Report must be submitted to IDEM by April 1st of each year and that we must reapply to the Indiana Environmental Stewardship Program every three years.

I understand that the information provided in this Annual Performance Report will be public record. I am the senior facility manager or authorized facility signatory, and fully authorized to execute this statement on behalf of the corporation or other legal entity whose facility is submitting this Annual Performance Report.

Signature	Title	Date (month, day, year)
	General Manager, Clinton Laboratories	

Please mail, fax, or e-mail your completed Environmental Stewardship Program Annual Performance Report to:

IDEM-OPPTA
ESP Program Manager
MC 64-00 IGCS W041
100 North Senate Avenue
Indianapolis, IN 46204-2251

FAX: 317-233-5627
E-mail: esp@idem.IN.gov

☐ Other

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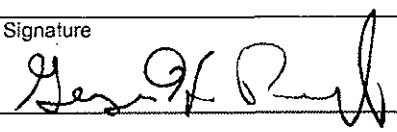	General Manager, Clinton Laboratories	3/24/09

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IDEM-OPPTA
ESP Program Manager
MC 64-00 IGCS W041
100 North Senate Avenue
Indianapolis, IN 46204-2251

FAX: 317-233-5627
E-mail: esp@idem.IN.gov

APPENDIX 1 **ENVIRONMENTAL PERFORMANCE DATA**

Additional questions for environmental improvement initiatives for the following categories/indicators:

Energy Use - Non-Transportation

In the table below, please enter the amount of energy that you currently use and that you intend to use in your future reporting year. Break the energy use down by fuel type. Please note that you need only complete those lines that are relevant to your facility. If all of your energy is purchased from a local electricity generator, you may only need to complete the first line. If the facility uses natural gas, please be sure to complete the appropriate line (natural gas is typically combusted on site so it is listed in the "onsite" section).

Please note that this table categorizes sources of energy according to where the energy is generated.

3a Is the goal of your energy use commitment to:

- ☒ Reduce total energy use
- ☐ Invest in renewable energy sources
- ☐ Combination of both strategies

3b How much energy of each type does your facility use?

		Baseline Year 2008	Future Year 2009	Units
Energy Generated Off-Site	Electricity	68,446,000	64,648,000	KWH
	Steam			
	Total Energy Generated Off-Site			
Sources of Energy Generated On-Site	Coal			
	Natural Gas			
	Crude Oil			
	Fuel Oil			
	Diesel			
	Propane / LPG			
	Gasoline			
	Hydrogen Powered Fuel Cells			
	Natural Gas / Methane Powered Fuel Cells			
	Biomass			
	Solar			
	Wind			
	Landfill Gas			
	Geothermal			
	Hydroelectric			
	Tire Derived Fuel			
	Other Fuel or Source Specify: ____			
	Total Energy Generated On-Site			
Total Renewable Energy Use				
Total Non-Renewable Energy Use				
Total Energy Use				
Metric Tons of CO2 Equivalents				
Metric Tons of CO2 Equivalents				
Offset Through Purchases of Electricity from Renewable Off-Site Sources				
Net Metric Tons of CO2 Equivalents				

Waste - Non-Hazardous Waste Generation
In the table below, please enter your facility's amount of non-hazardous waste, broken down by waste management method. Please enter both the amounts you manage currently and that you intend to manage in your future reporting year. "Waste" is defined as all materials sent off-site that are neither product nor product packaging.

3a Is the goal of your non-hazardous waste commitment to:
- ☐ Reduce non-hazardous waste
- ☐ Improve waste management methods
- ☐ Combination of both strategies

3b How much of your waste is handled using each management method?

Method of Waste Managed	Baseline Year 20____	Future Year 20____	Units
Landfill			
Incineration			
Reused/recycled off-site			
Other management - Specify: ____			
Total Non-Hazardous Waste			

Waste - Hazardous Waste Generation
In the table below, please enter your facility's amount of hazardous waste, broken down by waste management method. Please enter both the amounts that you manage currently and that you intend to manage in your future reporting year. Include all hazardous waste that is treated on-site or sent off-site.

3a Is the goal of your hazardous waste commitment to:
- ☐ Reduce hazardous waste
- ☐ Improve waste management methods
- ☐ Combination of both strategies

3b How much of your hazardous waste is handled using each management method?

Method of Waste Managed	Baseline Year 20____	Future Year 20____	Units
Landfill			
Incineration			
Reused/recycled off-site			
Treated on-site			
Other management Specify: ____			
Total Hazardous Waste			

Air Emissions – Total GHGs

3a Is the goal of your Total GHGs commitment to:

- ☐ Reduce energy use
- ☐ Reduce process-related emissions
- ☐ Combination of both strategies

3b How much greenhouse gas does your facility emit from each source?

Source		Baseline Year 20____	Future Year 20____	Units
Direct Emissions	Stationary Combustion			
	Mobile Sources			
	Refrigeration/AC Equipment Use			
	Process/Fugitive Specify Source: ____			
	Process/Fugitive Specify Source: ____			
	Process/Fugitive Specify Source: ____			
	Total Direct Emissions Process/Fugitive			
Indirect Emissions	Purchased Electricity			
	Purchased Steam			
	Purchased Hot Water			
	Total Indirect Emissions			
Optional Indirect Emissions	Other Specify Source: ____			
	Other Specify Source: ____			
	Other Specify Source: ____			
	Total Optional Indirect Emissions			
Offsets	Offsets Specify Source: ____			
	Offsets Specify Source: ____			
	Offsets Specify Source: ____			
	Total Reductions from Offsets			
	Total Emissions Less Offsets			
Supplemental Information	Total CFC			
	Total HCFC			
	Total Stationary Combustion – Biomass CO2			
	Total Mobile Sources – Biomass CO2			
	Electricity trading transactions- Electricity Purchase for Resale			

Attachment
Eli Lilly and Company, Clinton Laboratories
Environmental Stewardship Program 2009 Annual Performance Report

2009 Environmental Improvement Initiative
Energy Reduction Project Description

The environmental improvement initiative for 2009 will consist of several projects to reduce energy usage at Clinton Laboratories.
The following are examples of projects that are being evaluated for implementation:

- The low pressure air ducting in the C49 area has an abandoned heat exchanger in the piping that was used for sterilization. The unit is no longer used and causes friction drop in the system that the low pressure blowers must overcome with more horsepower. The heat exchanger will be removed and replaced with unlined straight duct to reduce the friction in the pipe and reduce horsepower requirement of blowers.
- Upgrade the 90 psi plant air instrument compressor controls to an integrated system that will keep the proper amount of air compressors active in the system to meet demand. Currently the instrument air compressors do not communicate with each other and operators add and delete compressors as they believe needed. Currently the excess capacity is vented to the atmosphere. Typically a minimum of three compressors are running at any given time and sometimes a rental compressor is on site.
- Fully automate the switch over from chiller cooling to free cooling by use of sensors and a programmable logic controller (PLC). This will optimize the chiller shutdown schedule and save more electricity than following the delays dictated by the manual procedure.
- Revise the water system pumping by combining several measures. These measures include the elimination of the C1 pump to improve the overall delivery scheme and improve efficiency. Measures will look at piping configurations, pumps used and friction losses. Eliminate all pumps that do not positively contribute to the piping system and eliminate all redundant piping that does not add flexibility. Modify or change pumps where required to meet load requirements.

The performance indicator measurement for these projects will be specific. The off-site electricity consumption for that equipment will be used as the specific baseline for 2008. The hours of operation will be used as the normalizing factor.
The combined reduction of electricity usage for these projects in 2009 is estimated at 3,798,000 KWH

Please note that the information in the Environmental Performance Report description of the 2009 environmental improvement initiatives describes the energy reductions only from the specific projects. We are not providing energy usage values and estimates for

the entire site because there are far too many variables that affect total site energy usage that would potentially obscure the reductions gained by these projects.

Olga Jones.